

Message Text

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21

ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-02 PRS-01 SP-02 SS-15 USIA-15

CCO-00 OTPE-00 EB-07 FCC-02 OC-05 COME-00 BIB-01 /084 W

----- 021375

R 052254Z MAR 76

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC 9049

UNCLAS OTTAWA 933

POUCHED ALL CONSULATE IN CANADA

E.O. 11652: N/A

TAGS: EFIN, EIND, ETEL, SCUL, CA

SUBJ: BILL C-58: TIME MAGAZINE

REF: OTTAWA 804

1. BUYERS OF TIME MAGAZINE IN CANADA BEGAN THIS WEEK TO RECEIVE AN EDITION PRINTED AS USUAL IN MONTREAL BUT IN WHICH EDITORIAL CONTENT IS IDENTICAL TO U.S. EDITION AND SPECIAL CANADIAN NEWS AND FEATURES HAVE BEEN DROPPED. EDITION CONTAINS LETTER FROM PRESIDENT OF TIME CANADA STEPHEN LARUE STATING THAT DECISION TO SUSPEND TIME CANADA, CLOSE EDITORIAL OFFICES IN MONTREAL, AND DISBAND CANADIAN STAFF WAS TAKEN WITH "RELUCTANCE AND DEEP REGRET." ISSUE HAS FULL QUOTA OF ADS WHICH APPEAR TO BE AS DESCRIBED BY MARCH 3 OTTAWA CITIZEN "100 PERCENT CANADIAN."

2. CITIZEN QUOTES TIME SPOKESMAN AS STATING THAT AD RATES ARE BEING CUT IN HALF TO COMPENSATE ADVERTISERS FOR LOSS OF TAX DEDUCTION AND ARE BEING FURTHER REDUCED TO ALLOW FOR EXPECTED DROP IN QUOTED CIRCULATION FROM 510,000 TO 200,000. FULL PAGE BLACK-AND-WHITE AS WHICH USED TO COST \$6,170 WILL NOW COST \$2,250. TIME
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WILL CONTINUE TO MAINTAIN AN ADVERTISING SALES STAFF

OF FOUR PERSONS IN TORONTO. (CLIPPING BAING POUCHED
TO EUR/CAN).

3. LARUE HAS TOLD EMBASSY'S DCM THAT NUMBERS
REPORTED BY CITIZEN ARE ACCURATE. DESPITE LOWER AD
RATED TIME EXPECTS TO BE ABLE TO MAKE A PROFIT ON THE
EDITION DISTRIBUTED IN CANADA. SUBSCRIPTION PRICE WILL
RISE FROM \$18 PER YEAR TO \$30 AND NEWSTAND PRICE FROM
\$.75 TO \$1. INCREASED PRICES WILL BE ONE OF MAIN
FACTORS IN ANTICIPATED DROP IN CIRCULATION BUT TIME
INTENDS TO PLAY UP FACT THAT SMALLER SUBSCRIBER LIST
WILL BE "ELITE", I.E. THOSE WHO CAN AFFORD THE HIGHER
PRICES. LARUE SAID SITUATION WILL OF COURSE BE KEPT UNDER
CONTINUING REVIEW AS TO WHETHER PROFIT EXPECTATIONS ARE
BEING REALIZED.

4. LARUE SAID MADER'S STATEMENT TO DCM (LAST SENTENCE
REFTEL) WAS INCORRECT. LIMITATION OF CANADIAN ADS TO
5 PERCENT OF TOTAL IS CUSTOMS REGULATION WHICH
APPLIES TO MAGAZINES PRINTED ABROAD AND IMPORTED
INTO CANADA(E.G. FORTUNE). THERE IS NO SUCH
LIMITATION ON MAGAZINED PRINTED IN CANADA EVEN IF THEY
ARE CLASSIFIED AS "FOREIGN." (NOTE: REFERENCE IS
APPARENTLY TO ITEM 99221-1, SCHEDULE C, CANADIAN
CUSTOMS TARRIF WHICH PROHIBITS IMPORT OF PERIODICALS
IN WHICH CANADIAN ADVERTISING EXCEEDS SPECIFIED LIMITS.)
ENDERS

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